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2008 Jun 23 02:18 PM

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D208240111

4 Pages



Suzanne Henderson

OIL, GAS AND ASSOCIATED HYDROCARBON LEASE

THIS AGREEMENT made this 3rd day of June, 2008, between **Gulf South Pipeline Company, LP, ("Gulf South")**, whose address is: 20 East Greenway Plaza, Houston, TX 77046, and **XTO Energy Inc., ("Lessee")**, whose address is 810 Houston Street Fort Worth, Texas 76102.

WITNESSETH:

1. **Lease of Land and Consideration.** Gulf South, in consideration of ten dollars and other consideration (\$10.00 and O.C.) in hand paid, of the royalties herein provided and of the agreements of Lessee herein contained, to the extent Gulf South has the right to do so and subject to the conditions and limitations prescribed herein, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting and drilling for and producing oil, gas (except occluded or methane coal seam gas) and associated hydrocarbons and sulphur (but sulphur only if produced incidental to or in conjunction with the production or processing for sale of any liquid or gaseous hydrocarbons), and to own said products on, under and in that certain property in **TARRANT COUNTY, TEXAS** to wit:

The East One (1) acre pf the West Three (3) acre of s Five (5) acres tract out of the Jacob Wilcox Survey, A-1721, Tarrant County, Texas, as described by deed from the trustees of Eagle Mountain Baptist Church dated September 20, 1951, recorded in Volume 2361, Page 9 of the Deed Records, Tarrant County, Texas.

Together with such non-exclusive easements as are reasonably necessary to the exploration, recovery and marketing thereof; and reserving all other minerals and rights in such property to Gulf South, including without limitation all easements necessary to the exploration (including seismic), recovery and marketing thereof. For the purpose of calculating the rental payments hereinafter provided for, the property hereby leased is estimated to comprise one (1.0) acres, whether it actually comprises more or less.

2. **Term of Lease.** Subject to the other provisions herein contained, this lease shall be for a term of one year from this date (called "primary term") and as long thereafter as oil or gas (not including occluded or methane coal seam gas) is produced hereunder in paying quantities from said property or land with which said property is pooled hereunder or operations for drilling or reworking are being conducted thereon pursuant to this lease as hereinafter provided.

3. **Royalties.** The following royalties are reserved by Gulf South on account of the oil, gas and associated hydrocarbons and sulphur produced hereunder, but subject to subparagraphs (e) through (k), both inclusive, of this paragraph 3:

(a) On oil, $\frac{1}{4}$ of the value of that produced and saved from the leased property.

(b) On gas, including casinghead gas, residue gas, or other gaseous substance, produced from said leased property, or resulting from the processing of gas produced from said leased property $\frac{1}{4}$ of the value thereof.

(c) Lessee agrees that all gas, including casinghead gas, produced from the leased property and not processed in a plant or plants as above provided, before the same is sold or used for any purpose, shall be run through a properly operated conventional field type separator or separators or other comparable equipment at least as efficient for the purpose of separating, extracting and saving at or near the well the liquid and liquefiable hydrocarbons recoverable from the gas by such means, unless: (1) the liquid hydrocarbon content of such gas is so small as to make the installation and operation of a separator or separators or other comparable equipment unprofitable to Lessee; or (2) the pressure of such gas is such that running the same through a separator or separators or other comparable equipment will so reduce the pressure that Lessee will be unable to deliver the residue or separated gas against the existing gathering system or pipeline pressures; and on all such liquid and liquefied hydrocarbons so separated, extracted and saved. Gulf South shall have and be entitled to a royalty of $\frac{1}{4}$ of the value of that so produced and saved.

(d) Lessee (itself or with a third party or parties) or any affiliate, parent or subsidiary of Lessee shall have the right but shall not be obligated to process gas produced from said leased property in an absorption or extraction plant, or other type plant or plants, whether similar or dissimilar, for the recovery of the liquid and/or liquefiable hydrocarbons, sulphur or other products therefrom; and if such gas is so processed, Gulf South shall have and be entitled to a royalty of $\frac{1}{4}$ of the value of all plant products, and all other hydrocarbons (including without limitation, any residue gas), sulphur and products so extracted, separated, produced and saved from such gas (but not products subsequently manufactured therefrom). Residue gas is that gas at the outlet side of the plant or plants after the same has been processed for the extraction of liquid and/or liquefiable hydrocarbons, sulphur and other products therefrom.

(e) Except to the extent otherwise expressly provided in this lease, royalties reserved by Gulf South shall be calculated at the place of delivery of said oil, gas, associated hydrocarbons, sulphur, and plant products to a purchaser thereof or to Gulf South or Gulf South's credit, and shall be free of all costs and expense (except proportionate part of severance tax) and without any deduction or charge whatsoever to Gulf South, both prior and subsequent to production. Such costs and expense include, without limitation, any required processing, pipeline construction, cost of gathering and transportation, treatment, separation, dehydration, compression, manufacturing, extraction, operational overhead, depreciation or any other matter required or reasonably necessary to market said oil, gas and associated hydrocarbons and sulphur and plant products.

(f) If gas produced from said leased property is processed in an absorption or extraction plant, or other type plant pursuant to sub-paragraph (d) above, Gulf South and Gulf South's royalty shall bear the direct and reasonable costs of processing Gulf South's royalty interest in any such gas and products (but no other costs). The direct and reasonable costs of processing such gas shall not include the costs of any such plant, interest on plant costs, amortization, depreciation, overhead, supervision, return on investment and the like.

(g) The term "value" as used herein shall mean the higher of: (1) the price stipulated in a bona fide arm's-length agreement by which oil, gas and associated hydrocarbons and sulphur and plant products are sold by or for Lessee; or (2) the average price paid for any production of the same or similar quality and content produced and sold from fields located within the area of the leased property. Royalties shall also be paid on any settlement proceeds credited to the Lessee from a take-or-pay provision of a contract; or received by the Lessee due to a judgment, award or settlement of a dispute with purchasers; or proceeds received by Lessee due to drainage effecting said property.

(h) During the periods that Lessee is obligated to pay Gulf South in cash for the royalties herein provided, such royalties shall be paid on or before the 60th day following the month production is sold, used or delivered off the leased property; except the initial royalty payment from a well shall be due within six (6) months from the onset of first production. Should Lessee fail to make such timely payments within thirty (30) days after having received written demand from the Gulf South to pay such royalties, then, in that event, this lease shall immediately terminate and be of no further force and effect with respect to the Unit or Units for which payment or payments are not made. The obligations of Lessee and the rights of Gulf South under this sub-paragraph (i) are in addition to the state laws in which this property is located.

(i) Lessee agrees that it will not enter into any contract for the sale of any production from this lease unless such contract has adequate provisions for redetermination of price at intervals which will assure that production from this lease is not being sold for less than the current fair market value of the production being sold.

(j) Lessee shall pay Gulf South royalty on all oil, gas, condensate and other liquid of liquefiable hydrocarbons and sulphur, produced from a well on the leased property or on lands pooled with the leased property and sold or used off the leased property regardless of whether or not such substances are produced to the credit of Lessee or sold under a contract executed by or binding on Lessee.

4. **Pooling.** Lessee, at its option, is hereby given the right and power to pool, reform or combine the acreage covered by this lease or any portion thereof as to oil and gas, or either of them, with other land, lease or leases in the immediate vicinity thereof into a Unit or Units. Units pooled for oil and gas hereunder, shall not exceed 80 acres for an oil well and 400 acres for a horizontal gas well ~~must conform substantially in size to those prescribed~~ and/or as permitted by the Oil and Gas Board of the appropriate state, or other lawful authority. Lessee shall file for record in the appropriate records of the county in which the leased property is situated an instrument describing and designating the pooled acreage as a pooled unit and mail a copy of said instrument to Gulf South at the above address within thirty (30) days. Drilling operations or production of oil or gas from any part of the pooled unit which includes all or a portion of the land covered by this lease, regardless of whether such drilling operations were commenced or such production was secured before or after the execution of this instrument or the instrument designating the pooled unit, shall be considered as drilling operations or production of oil or gas from land covered by this lease. In the event any such Unit or Units are created hereunder by Lessee, Gulf South agrees to accept and shall receive out of the production of oil, gas and associated hydrocarbons and sulphur and plant products, or any of them from such Unit or Units the royalties described in Paragraph 3 hereof, said royalties to be proportionately reduced by the percentage that the number of acres pooled from the leased property bears to the total number of acres included with the respective Unit or Units.

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5. **Rentals and Depository.** If drilling operations are not commenced on said property or on land pooled therewith as above provided on or before one year from this date, the lease shall then terminate as to both parties, unless on or before such anniversary date Lessee shall pay or tender directly to Gulf South or to the credit of Gulf South in

N/A Bank-Houston, TX, N/A DOLLARS (\$ N/A)
(herein called rentals), which shall cover the privilege of deferring commencement of drilling operations for a period of twelve (12) months. In like manner and upon like payments or tenders annually, the commencement of drilling operations may be further deferred for successive periods of twelve (12) months each during the primary term; provided however that such successive periods shall be limited to, and shall not extend beyond, a total of five (5) years from the date hereof. The payment or tender of rental under this paragraph and of shut-in royalty under paragraph 12 on any gas well from which the production is shut-in, shutdown or suspended may be made by the check or draft of Lessee mailed or delivered to the parties entitled thereto or to said bank on or before the date of payment, shown under this paragraph for rentals or shown under paragraph 12 for shut-in royalty. If such bank (or any successor bank) should fail, liquidate or be succeeded by another bank, or for any reason fail or refuse to accept rental, Lessee shall not be held in default for failure to make such payment or tender of rental until thirty (30) days after Gulf South shall deliver to Lessee a proper recordable instrument naming another bank as agent to receive such payments or tenders. The cash down payment is consideration for this lease according to its terms and shall not be allocated as a mere rental for a period. Lessee may at any time or times execute and deliver to Gulf South or to the depository above named and place of record a release or releases covering any portion or portions of the above described property and thereby surrender this lease as to such portion or portions and be relieved of all obligations thereafter accruing as to the acreage surrendered, provided however, that the rentals payable hereunder shall not be reduced in the proportion that this acreage covered hereby is reduced by said release or releases.

6. **Dry Holes, Drilling or Reworking.** (a) If during the Primary Term and prior to discovery of any oil, gas or associated hydrocarbon covered by this lease on a Unit that includes any part of the leased property Lessee drills a dry hole or holes on a Unit including any part of the leased property, or if during the primary term a producing well ceases production in paying quantities, this lease shall terminate as to all leased property not then included within producing Units or within Units for which shut-in royalty payments are being made unless Lessee is then conducting drilling, completion or reworking operations elsewhere on a Unit that includes some part of the leased property, or commences drilling, completion or reworking operations on a Unit that includes some part of the leased property within 90 days thereafter and prosecutes such operations diligently, or commences or resumes the payment or tender of rentals at the next ensuing anniversary of this lease, but in no event shall the payment of rentals extend this lease beyond the end of the primary term. (b) If at the expiration of the primary term Lessee is engaged in drilling, completion or reworking operations on a Unit that includes any part of the leased property or shall have completed a dry hole or a producing well or a shut-in well thereon within 90 days prior to the end of the primary term, this lease shall, subject to the other terms, conditions, covenants and provisions contained herein, remain in force as to all of the leased property so long as drilling, completion or reworking operations are continuously prosecuted with no lapse of more than 90 consecutive days after the completion or abandonment of one well on a Unit that includes any part of the leased property and the commencement of new drilling operations or reworking operations on a Unit that includes any part of the leased property, and, as to leased property included within a Unit from which any oil, gas or associated hydrocarbon covered by this lease is produced, so long as such oil, gas or associated hydrocarbon is produced from the Unit. (c) If after the end of the primary term a producing well ceases production in paying quantities, this lease shall, subject to the other terms, conditions, covenants and provisions contained herein, remain in force as to any leased property which is held by such well, which land is not otherwise held hereunder, if Lessee commences reworking operations on such well or commences operations for the drilling, completion or reworking of another well on the Unit in which such leased property is included within 90 days following the date of cessation of production and prosecutes such operations diligently, and for so long after completion of such operations as any oil, gas or associated hydrocarbon covered by this lease is produced from the Unit. (d) For the purposes of this lease the term "drilling operations" or its equivalent, shall require the actual drilling (spudding-in) of a well in search of oil or gas with a rig capable of drilling to total depth; and the terms "completion", "reworking" or "reworking operations" shall require actual efforts to initiate or restore production with use of appropriate tools on site.

7. **Transfer of Interests.** The rights of either party hereunder may be assigned in whole or in part, and the provisions hereof shall extend to their heirs, successors, successors in trust, and assigns, except that no assignment, sub-lease, farm-out or other agreement to assign, sub-lease or otherwise transfer a leasehold interest by Lessee, its successors or assigns, shall be valid and enforceable unless Gulf South first consents in writing thereto. No change or division in ownership of the land rentals or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of Lessee or Gulf South; and no change or division in such ownership shall be binding on Lessee or Gulf South until thirty (30) days after Lessee or Gulf South shall have been furnished by U.S. mail return receipt requested at the addresses indicated herein, with a copy of the recorded instrument or instruments evidencing same. In the event of a valid assignment hereof in whole or in part, liability for breach of any obligation hereunder shall rest exclusively upon the owner of this lease, or of a portion thereof, who commits such breach. In the event of a valid assignment of this lease as to a segregated portion of said property, the rentals payable hereunder shall be apportionable as between the several leasehold owners ratably according to the surface area of each, and default in rental payment by one shall not affect the rights of other leasehold owners hereunder.

8. **Effect of Breach - Notice.** In the event Gulf South considers that operations are at any time not being conducted in compliance with this lease, Gulf South shall notify Lessee in writing of the facts relied upon as constituting a breach hereof, and Lessee, if in default, shall have thirty (30) days after receipt of such notice in which to commence the compliance with the obligations imposed by virtue of this instrument. The failure of Lessee to comply with the obligations imposed by this lease after said thirty (30) day notice shall result in cancellation of said lease as to all property covered thereby save as to that acreage then included in a producing Unit. The provisions of this paragraph 8 shall not alter the obligation to pay royalties and the time limitations contained within paragraph 3(i) above.

9. **Development and Off-Set Wells.** After discovery of oil or gas on the leased property or on land pooled therewith, Lessee, in addition to all other obligations herein provided, or implied, shall develop the acreage retained hereunder for all hydrocarbons covered hereby as a reasonably prudent operator and attempt to produce and save same with due regard to the interests, rights and obligations of Gulf South and of Lessee. In addition, in the event oil, gas or other hydrocarbon production is obtained from a well or wells on adjacent land and the leased property is not allocated a portion of production from such well or wells, and bottomed within 330 feet of any boundary of the said leased property for an oil well unit of 40 acres or less, or within 660 feet of any boundary of said leased property for a gas well unit of 320 acres or less or an oil well unit of 41 to 160 acres, or within 1320 feet of any boundary of the said leased property for an oil unit greater than 160 acres or a gas well unit greater than 320 acres, Lessee expressly covenants that it shall drill an offset protection well for each well drilled and completed within the distance described above, before the expiration of 120 days from the actual date of completion of each well that invokes the operation of this sentence. In lieu of drilling an offset protection well as discussed above, Lessee at its option, may release and surrender all of Lessee's rights hereunder with respect to that portion of the leased property that would be allocated to such offset protection well Unit, and in depth only from the surface down to and including one-hundred (100) feet below the base of the deepest producing interval drilled, which release shall be signed by Gulf South and delivered to Lessee before the expiration of the 120 day period herein mentioned. Lessee agrees to monitor activities of operators in a common reservoir and notify Gulf South of a cause of action against those operators for drainage or damage to the common reservoir.

10. **Reduction of Royalties and Rentals.** If Gulf South owns an interest in the oil, gas or other minerals in or under said property less than the entire fee simple estate, whether or not this lease purports to cover the whole or a fractional interest, then the royalties and rentals to be paid Gulf South shall be reduced in the proportion that its interest bears to the whole and undivided fee and in accordance with the nature the estate of which Gulf South is seized. Failure of Lessee to reduce rentals paid hereunder shall not impair the right of Lessee to reduce royalties.

11. **Force Majeure.** Subject to the royalty, rental and shut-in payments herein provided for; drilling operations or other operating obligations or requirements imposed hereunder on Lessee may be suspended as long as, but not in excess of two (2) years, and to the extent only that, Lessee is directly prevented from complying therewith by acts of God, war, rebellion, insurrection, riots, strikes, fires, storms, floods, explosions, orders, rules or regulations of state or federal governmental authority, or any other acts beyond the control of Lessee, any of which occurrences or acts by exercise of due diligence Lessee is unable to avoid; but as soon as the cause or matter so preventing such compliance is removed or ceases to exist, Lessee shall resume compliance with such obligations or requirements. In the event that drilling operations or other operations are suspended as above provided, Lessee shall immediately notify Gulf South thereof in writing, setting forth the full circumstance. Subject to the limitations set forth hereinabove, this lease shall be extended while and so long as Lessee is prevented by any such cause or matter from its drilling or other operating obligations or requirements hereunder, except that in no event will the primary term be extended unless Lessee has commenced drilling operations on the leased property or on land pooled therewith prior to the expiration of the primary term.

12. **Shut-In Wells.** While there is a well on the leased property capable of producing gas in paying quantities but the production thereof is shut-in, shut-down or suspended for any reason, then, and in any such event, Lessee shall pay to Gulf South as royalty on or before ninety (90) days after the date on which production from any such well is shut-in, shut-down or suspended, and thereafter at annual intervals the sum in the amount of \$ 100.00 per net acre for the leased property included within such a gas Unit for each well shut-in, shut-down or suspended, provided that a minimum of \$100.00 per annum be paid for each such gas Unit. Should Lessee fail to make such timely payment after having received written demand from Gulf South to pay such shut-in royalty, then, in that event, this lease shall immediately terminate and be of no further force and effect. If, however, such payment is made or tendered in accordance with the terms hereof, this lease shall not terminate but on the contrary, continue in full force and will be considered that gas is being produced from the leased property in paying quantities within the meaning of each pertinent provision of this lease, except that such payment shall not excuse the payment or tender of the annual delay rentals which will have otherwise accrued during the primary term and become payable under the terms and provisions hereof, provided, however, in no event shall shut-in well payments maintain this lease in force for a period exceeding two (2) years beyond the expiration of the primary term.

13. **Severance of leasehold Acreage.** If at the end of the primary term, this lease is still in force, and oil, gas or other associated hydrocarbon is being produced in paying quantities from the leased property under the terms hereof, this lease shall nevertheless expire as to all of said property, except that portion thereof which is then included in a Unit (as hereinafter defined) on which is then a producing oil or gas well or on which Lessee is then engaged in drilling, completion or reworking operations. For the purposes of this lease, a "Unit" shall mean such drilling or production Unit as is established or approved from time to time by the governmental authority having jurisdiction of the matter, provided that if a Unit on which such a well is located should be subsequently revised by order of such governmental authority so as to reduce the portion of the leased property included in such Unit, then the retained acreage shall include only such portion of the leased property as is included in the Unit as so revised; and provided further that if the Unit on which such well is located is revised by order of such governmental authority so as to increase the portion of the leased property included therein upon petition or application filed within ninety (90) days after the initial testing of such well has been completed, then the retained acreage shall include such increased portion of the leased property as is included on the Unit as so revised; and this lease shall continue in force so long as oil or gas is produced in paying quantities from such Unit or so long as drilling operations or reworking operations are prosecuted thereon as elsewhere provided herein, but in depth only from the surface down to and including one-hundred (100) feet below the base of the deepest producing interval drilled.

14. **Taxes.** Except as is herein otherwise specifically provided, Lessee shall pay, in a timely manner and prior to delinquency:

(a) All taxes and assessments levied upon and assessed against its improvements, fixtures, and personal property on the premises, including all oil stored thereon except oil delivered to Gulf South as royalty in kind hereunder;

(b) All taxes, assessments, and other governmental charges resulting from any operations or acts of Lessee on the leased property, including but not limited to, the drilling and operation of a well or wells, the production, extraction, severance or removal of any hydrocarbons, the processing, refining, storage or use thereof, the sale of such hydrocarbons or of any products manufactured therefrom or therewith, and the transportation thereof from the leased property;

(c) All ad valorem taxes and assessments levied upon and assessed against Lessee's leasehold and mineral interests hereunder. If such interests are not separately assessed for ad valorem tax purposes, then any increase in the assessed value of any portion of the premises above the amount of the assessed value thereof as of the beginning date of the primary term of this lease shall be deemed attributable to Lessee's interest hereunder, except to the extent that such increase is due to a change by Gulf South of its use of the surface of said leased property or some portion thereof, or is in proportion to general increases in the assessed value of other lands in the same county; and Lessee shall reimburse Gulf South for that portion of the taxes paid by Gulf South which results from such increased assessed values;

Lessee does hereby agree to indemnify and save Gulf South harmless from and against any and all liens, interest, and penalties and all claims, liabilities and cost resulting from Lessee's failure to pay any of the foregoing or other applicable taxes, assessments, fees, or other charges when due. All severance taxes levied on production of oil, gas, sulphur and associated hydrocarbons hereunder, shall be borne by Gulf South and Lessee in proportion to their respective participation in the production hereunder during the period of time this lease is effective as to such lands.

15. **Well and Survey Information.** Lessee shall deliver promptly to Gulf South, without cost or demand, to the extent that same pertains to the leased property and is available to Lessee, a copy of all daily drilling reports, (only if requested by Gulf South in writing) all well logs or surveys, core records and analyses, all pipe perforation and well completion reports, reports of tests (including but not limited to drill stem, bottomhole pressure and production tests), well completion reports, well workover reports, gas-oil ratio reports, well history and performance reports, applications and reports made to any governmental agency or authority, and orders, rules or permits issued by any such agency or authority, and any other written matter of every kind or character prepared or obtained by Lessee, except that of an interpretive nature prepared internally by Lessee in connection with the drilling, reworking or plugging back of or the production of oil or gas from any well on the leased property, or land pooled therewith. Lessee shall deliver promptly to Gulf South a copy of the map and field notes of any land survey affecting the leased property. Gulf South shall have the right to inspect the operations of Lessee on or pertaining to the leased property, and, upon request, Gulf South shall be furnished with copies of all production reports, run tickets, meter runs, sales information, plant and processing costs, and such other information as may be appropriate to the settlement of accounts between Gulf South and Lessee, or to determine the respective rights and obligations of the parties, or to enable Gulf South to comply with applicable laws, rules or regulations of governmental authorities. In the event Lessee should deem it necessary or desirable to apply to state or federal governmental authority for rules or orders governing the spacing of wells, the establishment of drilling or other Units upon the leased property, or requiring Unit operations for secondary or tertiary recovery, Lessee shall, prior to the filing of such application, notify Gulf South in writing of its proposed plan, setting forth in detail the purposes of such application or plan, the results to be achieved thereby, and full and complete information with respect thereto, and shall thereafter keep Gulf South fully informed with respect to such plan, including, without limitation, any changes or modification thereof. Lessee shall also furnish Gulf South with a copy of any such application, and shall, at least five (5) days prior to any hearing pursuant to such application, furnish Gulf South with copies of all maps, plats, documents and other material or evidence which it expects to submit at such hearing in connection with such application. Lessee shall notify Gulf South in writing at least 7 days prior to the commencement of drilling operations that Lessee intends to commence drilling operations, and Lessee shall provide Gulf South with well completion or well abandonment reports within 30 days after such well completion or abandonment. To the extent that Lessee requests in writing that Gulf South keep such information or data confidential, such data shall be for the sole use and benefit of Gulf South, provided that Gulf South shall have the right to disclose or disseminate such information and data to attorneys, geologists, petroleum engineers and other experts retained by Gulf South to advise or represent Gulf South in connection with the leased property, the operations thereon, the production therefrom, the valuation of Gulf South's royalty interests, and other matters related to such property under the same conditions of confidentiality as apply to Gulf South; and provided further, that in no event shall Gulf South be liable to Lessee or any other party for the failure of such attorneys, geologists, petroleum engineers or other experts to keep such information and data confidential.

16. **No Warranty and Related Matters.** This lease is executed without warranty of title either express or implied. This agreement and Lessee's rights hereunder are subject to all rights-of-ways, easements, roadways, leases and other matters now affecting the leased property or use thereof now of record or visible on the ground. Gulf South does not warrant or represent that it owns the surface rights of the said property, or the right to grant any use of the surface. The only property leased hereby is Gulf South's interest in the oil, gas and associated hydrocarbons and sulphur in and under said property, as specified above, and Gulf South reserves all other minerals and other extraction rights as may be identified now or in the future. Other than the rights expressly enumerated above, all other rights, privileges and interests pertaining to the surface and subsurface of the leased property which Gulf South may own, in whole or in part, if any, are expressly reserved by Gulf South and may not be used, exercised or enjoyed by Lessee. All of the rights retained by Gulf South and the rights granted to Lessee herein shall be exercised in such manner that neither shall unduly interfere with the operations of the other upon the leased property. In cases where Gulf South is not the owner of surface rights, Lessee shall make proper arrangements for entry with the owner thereof.

17. **Indemnification of Gulf South.** Lessee shall be solely responsible for all damage to property and injury to persons, including death, by reason of, or in connection with, its operations hereunder and does hereby agree to protect, save harmless and indemnify Gulf South from and against any and all claims and liability for damages to property and injuries, including death, to persons, including, but not limited to, Lessee's employees, agents, and contractors, such damages or injuries arising out of, or in connection with Lessee's operations hereunder and Lessee shall, at Lessee's sole expense, handle all such claims, defend suits which may be brought against Gulf South therein, pay all judgments rendered against Gulf South therein, and reimburse Gulf South for any expenditure which it may make on account thereof, unless such drainage or injury is caused solely by Gulf South's acts, omissions or negligence. If Gulf South or its predecessor in title has leased the subject property for farming purposes, Lessee shall be liable for and agrees to pay such farming tenant for damages caused in any manner and by any means as a result of Lessee's operations hereunder such damages based on replacement cost, cost of repairs, or such other assessment to which such tenant may agree, for the damage to, loss of, or diminution or depreciation of the beneficial use or value of any house, cabin, shed, barn, silo, storage bin, fence, crop, vehicles, feeding trough or other thing of value lost, damaged or destroyed. If Gulf South or its predecessor in title has leased the subject property for timber purposes or has sold the standing timber from the subject property, Lessee shall be liable for and agrees to pay such timber tenant or timber owner for damage to timber or forest reproduction caused in any manner and by any means as a result of Lessee's operations hereunder, such damage to be calculated as hereinafter provided in paragraph 19. Lessee warrants and represents that it shall not dispose of hazardous materials underground, or onto the leased property. Lessee further agrees that it will reimburse Gulf South for, and hold Gulf South harmless from, all fines and penalties made or levied against Gulf South by any governmental agency or authority as a result of, or in connection with, Lessee's use of the leased property or of the facilities hereon or as a result of any release or disposal of any nature, including but not limited to hazardous materials, onto or under the ground, into the water or ground water, or into the air by Lessee from or upon the leased property. Lessee also agrees that it will reimburse Gulf South for and hold Gulf South harmless from, any and all costs, expenses, and attorney's fees from all civil judgments or penalties incurred, entered, assessed, or levied against Gulf South as a result of Lessee's use of the leased property or as a result of any release or disposal of any nature, including but not limited to hazardous materials, onto or under the ground, or into the water or ground water or into the air by the Lessee from or upon the leased property. Such reimbursement or indemnification shall include, but not be limited to, any and all judgments or penalties to recover the cost of cleanup of any such release or disposal by Lessee from or upon the leased property and all expense incurred by Gulf South as a result of such civil action including but not limited to attorney's fees. The Lessee shall obtain all environmental permits from local, state, or federal governments prior to any operations being conducted on said leased property. The provisions of this paragraph 17 shall apply regardless of acquiescence or negligence or allegations thereof on the part of Lessee, shall apply notwithstanding any other provision of this agreement to the contrary, and shall apply during the primary and secondary terms of this lease as well as after the expiration of such primary and/or secondary term. Lessee agrees to carry adequate limits of employee's liability insurance and statutory benefits for worker's compensation. Said insurance will be obtained prior to commencement of operations and shall name the Gulf South as an additional insured.

18. **Limitations on Use of Surface.** No well shall be drilled within 300 feet of any building or structure without Gulf South's written consent. Lessee shall bury and maintain all pipelines at least three (3) feet below ground level and at least three (3) feet below the bottoms of existing ditches, bayous, canals and other water bottoms; and upon Gulf South's request, Lessee shall lower said pipelines to a sufficient depth, or otherwise alter or modify same, so as not to interfere with cultivation, trapping, hunting or other actual or proposed operations, structures, facilities or improvements of the owner(s) of the surface and Lessee shall maintain in good condition all bridges, roads and canals on the leased property which are used by Lessee in its operations, and all such canals and roads shall be and remain private and not open to the public and will be conspicuously posted as such by Lessee. Any of the foregoing provisions hereof to the contrary notwithstanding, Lessee shall comply with the following provisions:

(a) In the event Gulf South owns all or any part of the surface estate, Lessee will obtain the written consent of the Gulf South in advance of any use of the surface.

(b) Prior to any use of the surface, Lessee will present to Gulf South a plat of the property showing the area proposed to be used and type of use to be made.

(c) Within 30 days of the receipt of such notice, Gulf South will either deliver written consent (upon such terms, conditions and for such consideration, if any, as shall be acceptable to Gulf South) or propose a reasonable alternative area for such use.

19. **Damages.** Lessee shall be responsible for all damages, including any sub-surface damage, caused by Lessee's operation hereunder. Lessee shall also be liable for and agrees to pay Gulf South for the amount of any loss of or damage to, or the destruction property of the Gulf South (including but not limited to gates, fences, bridges, roads, culverts, and the like), any loss of or damage to the timber producing capacity of the surface lands, any reduction in the surface lands site index, any loss of or damage to the trees upon said surface lands, any loss of or damage resulting from hazardous materials contamination of the surface or subsurface of the leased property, and any decrease in market value of said surface lands resulting from such exploration and drilling for, and production, storage and transportation of oil and gas and their respective constituent products. Lessee shall pay Gulf South in regard to the timber producing capacity of the surface lands, all regeneration cost incurred by Gulf South, including without limitation the cost of seedlings, site preparation, planting, fertilizer, pesticides, herbicides and the application of fertilizer, pesticides and herbicides, all as determined by Gulf South. In lieu of payment of damages and at Gulf South's election, Lessee shall insofar as practical restore said surface lands to their original condition and leave same in as good or better condition before Lessee's acts of exploration, drilling, production, storage or transportation of oil, gas and their respective constituent products. In the event Gulf South and Lessee cannot agree to the value, amount of damage, loss or destruction incurred by Gulf South of said timber or surface lands; in that event, a mutually agreeable independent forester and/or appraiser shall be hired at Lessee's expense to render a final determination in said matter.

20. Miscellaneous Provisions.

(a) Any notice, communication or payment to a party hereunder may be given, sent, paid or tendered by postpaid mail, wire, fax or E-mail addressed to said party at the address shown hereinabove or such other address as it may hereafter designate in writing.

(b) Lessee shall have the use, free from royalty, water, other than from Gulf South's water wells, fish ponds or cattle watering facilities, from said property covered by this lease included in a pooled or producing unit in all operations hereunder.

(c) Lessee shall have the right at any time during or within six (6) months after the termination of this lease as to all or any portion of the leased property to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing, failing which within the time specified, Gulf South, at Gulf South's option shall have the right (1) to remove and dispose of such property and fixtures and retain the proceeds therefrom, or (2) to require Lessee to promptly remove the same at Lessee's sole cost and expense, or (3) to contract the removal of same at Lessee's sole cost and expense.

(d) In the event of termination or surrender of this lease, in whole or in part, Lessee shall promptly execute and deliver to Gulf South a release of this lease, or the portion thereof as to which said lease has terminated or been surrendered, duly acknowledged in such form as to constitute a full release of such lands from this lease and in such form acceptable for record in the county/parish in which said lands are situated.

(e) The mention of any express obligation of Lessee herein shall never be construed as affecting any other express obligation or any implied obligation which Lessee may otherwise owe Gulf South hereunder, but shall be considered as being in addition thereto. Similarly, the mention of any right or remedy of Gulf South herein shall not preclude Gulf South from exercising any other right or remedy to which Gulf South might otherwise be entitled.

(f) The failure of Gulf South to insist in one or more instances upon strict compliance by Lessee with any of the provisions of this lease, or to take advantage of any right hereunder, shall not be construed as a waiver of any such provisions, nor the relinquishment of any such rights, but the same shall continue and remain in full force and effect.

(g) If Gulf South brings suit to compel performance of, or to recover for breach of any covenant or condition herein contained, or for declaratory relief, and prevails therein, Lessee agrees to pay to Gulf South reasonable attorney's fees in addition to the amount of judgment and costs.

(h) Should any one or more of the parties named above as Gulf South, fail to execute this lease, it shall nevertheless be binding upon the party or parties executing and delivery the same.

(i) The undersigned Bank acts herein solely in its capacity as aforesaid and not otherwise and it shall never have any personal, individual or corporate liability or responsibility, expressed or implied, under or by virtue of this instrument.

(j) Except as herein otherwise specifically provided, this agreement shall be binding upon and inure to the benefit of not only the parties hereto, but unto their respective

heirs, devisees, successors, successors in trust and assigns.

(k) This lease may be executed by different parties on separate counterparts, and on different dates, and all such counterparts shall together constitute one and the same contract.

IN WITNESS WHEREOF, this instrument is executed and sealed on the date first above written.

XTO Energy Inc.

Gulf South Pipeline Company, LP

By: Edwin S. Ryan, Jr.
Edwin S. Ryan, Jr.
Sr. Vice President - Land Administration

By: GS Pipeline Company, LLC, General Partner

Walter J. Bennett
GULF SOUTH

STATE OF TEXAS
COUNTY OF Harris

Before ME, the undersigned authority, on this day personally appeared Walter J. Bennett in his capacity as Vice President of GS PIPELINE COMPANY, LLC, a Delaware limited liability partnership, on behalf of said limited liability company.

Given under my hand and official seal this the 20th day of June, 2008

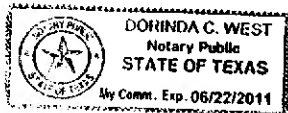
(AFFIX NOTARIAL SEAL)
My Commission Expires 12, 2011

Robin Hill
NOTARY PUBLIC
in and for Harris County, Texas

THE STATE OF TEXAS §

COUNTY OF TARRANT §

This instrument was acknowledged before me this 5th day of June, 2008, by Edwin S. Ryan, Jr. Vice President - Land Administration of XTO Energy Inc., a Delaware corporation, on behalf of said corporation.



Dorinda C. West
Notary Public in and for the
State of Texas

DORINDA C. WEST
Printed Name of Notary Public

This instrument prepared by:

